



ICC POLICY WATCH

February 2017



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INDIA

NATIONAL LEVEL

[Budget 2017: Government aims to bring 1 crore households out of poverty by 2019](#)

Giving a major thrust to rural India in the Union Budget, the government has announced to bring one crore households out of poverty and make 50,000 gram panchayats poverty free by 2019, besides allocating highest ever funds to rural job scheme MGNREGA. FM stated that the government would start a Mission Antyodaya for poverty alleviation in the country.

[Health budget hiked by 28%; 5,000 PG seats to be created](#)

To ensure availability of specialist doctors at the secondary and tertiary levels, the Centre has announced the creation of additional 5,000 post-graduate (PG) seats every year even as it increased the budget allocation for the health sector by almost 28 per cent. The government also announced setting up of two more All India Institutes of Medical Sciences (AIIMS) in Jharkhand and Gujarat and asserted that it has prepared an action plan to eliminate kala-azar and filariasis by 2017, leprosy by 2018, measles by 2020 and tuberculosis by 2025.

[Arun Jaitley proposes tax concessions for banks grappling with NPAs in Budget 2017](#)

In a big relief to banks struggling with bad loans, the government has proposed tax concession on provisions for NPAs while announcing capital infusion of Rs 10,000 crore for state-owned lenders. It also proposed that tax on interest will be levied on actual receipts and not on accrual basis in respect of Non Performing Asset (NPA) or bad loan accounts.

[Budget introduces secondary adjustments in transfer pricing](#)

Seeking to align transfer pricing norms with OCED guidelines, Finance Minister Arun Jaitley has proposed introduction of a new section in the I-T Act to allow secondary adjustments in books of accounts to reflect actual allocation of profits between a company and its arm.

[Budget 2017: Culture Ministry's budget hiked by over 10 per cent](#)

The Culture Ministry would receive around 10 per cent more funds in the fiscal starting April as the government has allocated Rs 2,738.47 crore for it in the Union Budget.

[Minority Affairs Ministry's budget hiked by over Rs 368 crore in Budget 2017](#)

Under repeated opposition attack for alleged neglect of minorities, the Modi government has increased the Minority Affairs Ministry's budget for the next fiscal by nearly 10 percent to Rs 4195.48 crore from Rs 3827.25 crore during the current financial year.

[Budget: Rs 1,840.77 crore allocated to tourism ministry](#)

The government has allocated Rs 1,840.77 crore to the tourism ministry in the budget for the next fiscal, including Rs 959.91 crore for the Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan scheme). Besides, another Rs 100 crore have been allocated for Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD).

[RBI permits NRIs access to ETCD market](#)

RBI has allowed NRIs access to the exchange traded currency derivatives (ETCD) market to hedge currency risk arising out of their investments in India, a move aimed at providing them additional hedging options.

[Niti Ayog launches 'India Innovation Index'](#)

NITI Aayog CEO Amitabh Kant launched "India Innovation Index", the nation's first online innovation index portal which will rank states based on their innovations. This will be the first of its kind online platform where Global Innovation Index (GII) indicators and India-centric data from various states will be updated periodically.

[Allocation for food law up at Rs 1.45L crore for FY18](#)

Food Minister. Ram Vilas Paswan said that the allocation for food subsidy has been increased to Rs 1.45 lakh crore next fiscal from Rs 1.3 lakh crore this year to provide for the new food law, which has been rolled out in the entire country.

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[To boost Skill India Mission, Govt sets aside Rs 17,000 crore in Budget](#)

The government has set aside over Rs 17,000 crore for skilling, employment generation and providing livelihood to millions of youth who enter the workforce every year, giving Skill India Mission—Prime Minister Narendra Modi's pet project—a major leg up.

[Government introduces bill for wage payment via e-mode, cheques](#)

Labour Minister Bandaru Dattatreya introduced the Payment of Wages (Amendment) Bill 2017, which seeks to enable employers to pay wages to workers through cheque or crediting to their bank accounts without obtaining written authorisation of the employees. The bill will replace the Payment of Wages (Amendment) Bill 2016, which was introduced in Lok Sabha on December 15, 2016 and also seeks to repeal the Payment of Wages (Amendment) Ordinance 2016 promulgated on December 28, 2016.

[Winding up FIPB to make ease of doing business better](#)

The government has decided to abolish FIPB and come up with a new mechanism that could include approvals by the ministries concerned for expeditious clearance of foreign investment proposals.

[Modi govt allows people to deposit unaccounted cash in parts under amnesty scheme](#)

The government has allowed people declaring unaccounted cash under the new black money amnesty scheme PMGKY to deposit in parts the mandatory 25 per cent of the total in a 4-year fund by March 31.

[Government makes Aadhaar mandatory for availing PDS foodgrains](#)

After cooking gas LPG, the government has made Aadhaar mandatory for availing subsidised foodgrains from the ration shops with a view to better target Rs 1.4 lakh crore subsidy under the food security law.

[IT ministry to promote digital transactions; President nod to new rules](#)

The works relating to promotion of digital transactions will be looked after by Ministry of Electronics and Information Technology (Meity), as per the new rules. President Pranab Mukherjee has given nod to change government of India, Allocation of Business Rules, 1961, to delegate work of "Promotion of Digital Transactions including Digital Payments" to the Meity..

[NITI ready with Cabinet note for Rs 6,000 aid to pregnant women](#)

Government think tank NITI Aayog has prepared a cabinet note for granting Rs 6,000 aid to pregnant women as announced by Prime Minister Narendra Modi in his address to the nation on New Year's Eve. The cabinet note will soon be circulated out to other ministries.

[GST council approves law to compensate states for revenue loss](#)

Inching towards the rolling out of GST, the GST Council approved a law to compensate states for any loss of revenue from the implementation of the new national sales tax but deferred approval for enabling laws to the next meeting.

[Cabinet approves land swap between Bihar govt, AAI for Patna airport](#)

The government has cleared swapping of land between Bihar government and Airports Authority of India for the expansion and development of Patna airport, which handles traffic more than three times of its existing capacity.

[New pension scheme with 8% return approved](#)

Cabinet has approved a pension scheme for senior citizens under which insurance behemoth LIC will provide a guaranteed return of 8 per cent for 10 years, as part of government's social security and financial inclusion programme.

[Govt unveils fresh POEM guidelines, dashes industry's hopes](#)

The government has unveiled fresh guidelines for determination of place of effective management (POEM), dashing hopes of the industry that implementation of these norms would be deferred to next financial year. The Central Board of Direct Taxes, the apex direct taxes body, has provided a number of safeguards to address industry's concerns including restricting application to those having turnover of over Rs 50 crore.

[Government okays 3% interest subsidy on homes loans up to Rs 2 lakh](#)

In a bid to ease EMI burden by ensuring cheap home loans in rural areas, the Centre approved 3 per cent interest subsidy on loans of upto Rs 2 lakh for all households which are not covered under Pradhan Mantri Aawas Yojana (Grameen).

[RBI removes withdrawal limits on current accounts](#)

Reserve Bank of India (RBI) removed the limits on withdrawals from current accounts, but kept the overall limit at Rs 24,000 a week for savings bank account.

[THSC launch digital skill grid to connect hotel and tourism industry](#)

Tourism & Hospitality Skill Council (THSC), a sector skill council for tourism and hospitality industry under the National Skill Development Corporation(NSDC), has launched a digital skill grid to connect hotel and tourism industry, training partners and trained manpower. The digital platform called "thsc.skillgrid.in" currently already has over 5000 candidates who have completed or currently undergoing training.

[Government launches free anti-virus for PC, mobile phones](#)

The IT Ministry launched anti-malware analysis centre that will facilitate free anti-virus for computers and mobile phones in the country with project cost of Rs 90 crore spread over period of five years.

[Government reduces number of registers under labour laws to 5](#)

Enhancing ease of doing business, the government has reduced the number of registers to be maintained under labour laws to five from 56 earlier for about 5.85 crore establishments.

[Government formulates policy for development near urban transit corridors](#)

The Union urban development ministry has formulated a policy framework for transit-oriented development (TOD), which promotes living in proximity to mass urban transit corridors such as metros, monorail and bus rapid transit (BRT) corridors. This new urban design and planning in the form of TOD is being incentivized by the ministry under two more initiatives — metro policy and green urban mobility scheme — which will be discussed with states and UTs for taking them on board.

[Government notifies law to make banned notes possession punishable](#)

The government has notified the law that makes holding of more than 10 scrapped notes punishable with a minimum fine of Rs 10,000. The Act also ends the liability of the Reserve Bank and the government on the demonetised currency notes.

[Government hikes minimum wage for agriculture labourer](#)

Bandaru Dattatreya-led labour ministry has nearly doubled the minimum wage for agriculture labourer including those hired on contract, barely six months after a significant increase in minimum wages for non-agricultural labourer. Centre had on August 1 last year raised minimum wage of non-agricultural workers by 42%.

INDIA.....State Level

[Gujarat establishes cashless system for PDS](#)

Gujarat has become the first state in the country for establishing cashless system in its public distribution system (PDS) of food grains. The beneficiaries who are eligible for subsidised food grains under the National Food Security Act (NFSA) will now need to carry only Aadhaar cards for getting their food grains in Gujarat.

[West Bengal government brings additional three lakh acre agricultural land under irrigation programme](#)

West Bengal government has brought in an additional three lakh acre of agricultural land under its irrigation programme with the objective of helping farmers at a time when they are facing hardships due to demonetisation of high value notes.

[Kolkata government to launch gender budgeting](#)

West Bengal government is soon going to launch 'gender budgeting'. Speaking at seminar on condition of women in workplace, Dr Shashi Panja, minister for women and child welfare said that the government would soon launch 'gender budgeting'. Through this exercise the government would ascertain how many women are benefiting from various women-centric schemes, the number of female government employees, how much money is being spent on women welfare by various departments, among other things.

INDIA.....UPCOMING POLICIES

[Govt to explore mergers & acquisitions across state-run units](#)

A senior finance ministry official said that the government will explore mergers & acquisitions (M&As) in not just the oil sector but in all state-run enterprises, while asserting that all efforts would be made to meet the disinvestment target of Rs 72,500 crore for the current financial year.

[Vehicle scrap policy to go to GST council post cabinet nod](#)

Union Minister Nitin Gadkari said that the government is keen on implementing vehicle policy that aims at scrapping 15-year old commercial vehicles in the first phase, and it will send the proposal to GST Council after Cabinet nod.

[Government e-marketplace set to be mandatory for all departments](#)

The government is set to make it mandatory for all its departments to procure goods and services through its Amazon-like marketplace, which will also introduce preference for domestic players. The finance ministry is revising the General Financial Rules (GFR) that covers all government spending, including procurement.

[Committee of Secretaries to take up fleet policy for nod](#)

The Committee of Secretaries (CoS) has taken up for approval, the fleet modernisation policy that proposes to remove old and polluting trucks and other commercial vehicles bought before April 2005 from the roads. It will not only cut pollution by taking polluting vehicles off the roads but will also increase the revenues of the government because the lifecycle of the vehicles would be fixed. Auto companies will also have increased sales.

[RBI to set up separate Enforcement Department](#)

The RBI stated that it has decided to establish a separate Enforcement Department which will start operations from April 1, 2017. This will help RBI follow-up and maintain a record on banks performance.

[Wages under MNREGA likely to increase](#)

The wages under the Mahatma Gandhi National Rural Employment Guarantee Act are likely to increase as the Rural Development Ministry is considering "updating" the baseline, based on which workers are paid, to insulate the poor in rural areas from the rising cost of living.

[Cash withdrawal limits to go from March 13: RBI](#)

The Reserve Bank of India said it will remove the cap on cash withdrawals from saving bank accounts in two phases since it expects cash supply to improve by next month. In the first phase, the withdrawal limit will be raised to Rs 50,000 from Rs 24,000 a week, effective February 20.

[Bill soon to tackle bankruptcy in financial sector](#)

Economic Affairs Secretary Shaktikanta Das said that a bill on addressing bankruptcy issues in the financial sector is ready and is likely to be introduced in Parliament soon.

[Government mulling hike in maintenance amount for senior citizens](#)

The government is planning to increase the maintenance amount for senior citizens under the Maintenance and Welfare of Parents and Senior Citizens (MWPSA) Act, 2007. It also intends to put in place minimum standards and a rating mechanism for organisations providing home care services to senior citizens.

[Govt plans 'Indradhanush 2.0' for recapitalisation of public sector banks](#)

Government plans to come out with 'Indradhanush 2.0', a comprehensive plan for recapitalisation of public sector lenders, with a view to make sure they remain solvent and fully comply with the global capital adequacy norms, Basel-III. 'Indradhanush 2.0' will be finalised after completion of the Asset Quality Review (AQR) by the Reserve Bank, which is likely to be completed by March-end.

[Government to come up with updated version of PFMS next fiscal](#)

Government will come up with an updated version of Public Financial Management System (PFMS) in the next fiscal that would integrate financial systems of the states and effectively implement DBT in scholarships and welfare schemes.

[Government mulls proposal to free up retail FDI policy but only for India-made goods](#)

The government is considering a proposal to free up foreign direct investment (FDI) policy on retail but only for domestically manufactured goods. The policy under consideration applies to both offline and online retail and would remove restrictions on companies such as Walmart, Tesco, Amazon and others when it comes to the sale of things produced in the country. Apart from attracting investment in retail, such a policy would also give a big boost to the Make in India programme.

[Power Ministry to give renewable energy tag for supplies for large hydro projects](#)

The power ministry is proposing renewable energy status to supplies meant for large hydropower projects to help keep power tariffs low under the proposed goods and services tax.

[Government mulls effective, open financial policies](#)

The government is looking at bringing in more effective and transparent financial policies so that investors are able to fund clean operating companies. Minister of State for Civil Aviation Jayant Sinha said that the government's aim is to complete planned projects in the stipulated period and avoid delays.

[India to launch standby navigation satellite](#)

An official of the Indian space agency said that India will launch one of its back up navigation satellites this year as a replacement to IRNSS-1A satellite, whose three atomic clocks have failed.

[Govt to take steps to boost private investment in roads, shipping](#)

Mansukh L Mandaviya, minister of state for road, transport and shipping, has said that the government will take tangible steps to boost corporate investment in roads and shipping with business-friendly strategies that balance profitability with effective project execution.

[Next edition of consolidated FDI policy to come out soon](#)

The Commerce and Industry Ministry is planning to release the next edition of its consolidated FDI policy document soon, incorporating all the changes made over the past year. The Department of Industrial Policy and Promotion (DIPP) stated that the next edition of the consolidated FDI policy circular of 2017 is due to be issued this year, which would incorporate all the changes effected in FDI policy.

[Government mulls reducing MDR charges on card payments](#)

Niti Aayog CEO Amitabh Kant said that the government is working to reduce Merchant Discount Rate (MDR) charges to encourage digital payments. For small merchants with annual turnover of Rs 20 lakh and special category merchants, like utilities, insurance, mutual funds, educational institutions and government hospitals, the MDR charge has been proposed at 0.40 per cent of the transaction value.

[Government to soon launch schemes to promote BHIM app](#)

The government will launch two schemes -- the Referral Bonus Scheme for individuals and Cash-back Scheme for merchants -- to promote the indigenous digital payments app BHIM.

[Government to corporatise Central Public Works Department](#)

The Narendra Modi government has initiated a move to corporatise Central Public Works Department, its 162-year-old main construction arm. The urban development ministry has in the past six months initiated measures to give more decision-making autonomy to CPWD. Now more powers are being delegated to director-general of CPWD.

[Government to frame policy to further reduce charges on cashless transactions](#)

Union Minister Hansraj Gangaram Ahir said that the Centre will frame a policy to further reduce charges on cashless transactions. The Minister advised that more efforts should be put in for better outcome of Mudra (Micro Units Development & Refinance Agency Limited) scheme.

[Government proposes to bring bill to slash number of tribunals](#)

The government proposes to bring a bill to slash the number of tribunals from the present 36 to 18 as it feels that most of them are performing identical functions.

[Policy to ensure availability of cheap iron ore within a month](#)

The government is working on a policy initiative to ensure the availability of iron ore at a cheaper price and will come out with details within a month. The development comes at a time when the steel sector is reeling under the impact of high raw material costs.

[Government to roll out programme for promoting women entrepreneurs](#)

The government will roll out a programme to bring more women into the startup ecosystem by offering them mentoring and capital for setting up businesses. The programme is expected to be rolled out by April 1, 2017.

[Government to soon announce relaxations in the Foreign Direct Investment](#)

The government is expected to soon announce relaxations in the foreign direct investment (FDI) policy in certain sectors, including single brand retail. The further liberalisation in the FDI policy is aimed at providing better business environment by removing impediments.

[Government asks all banks to have m-banking facility by March 31](#)

The government has asked all banks to provide mobile banking facility to all customers by March 31 in a bid to push digital transactions.

World

[European Union asks India to extend by 6 months trade pact with EU nations](#)

The European Union has pressed India to extend by six months its bilateral investment pacts with several EU-member countries which are expiring soon, saying absence of the treaties could adversely impact trade ties and FTA talks

[Dubai launches programme to promote trade with India](#)

In a bid to promote bilateral trade relations with India, Dubai's Department of Economic Development has launched a programme that allows commercial disputes to be resolved quickly at minimal costs.

[Government nod to air services pact with Greece, security MoU with Australia](#)

The government granted its approval to the signing of Air Services Agreement (ASA) between India and Greece which allows the airlines of the two countries to fly in each other's territory. It also gave its approval for signing of a Memorandum of Understanding (MoU) between India and Australia for promotion and development of cooperation in civil aviation security.

[Pakistan government approves merger of FATA with Khyber-Pakhtunkhwa](#)

Pakistan government approved the merger of Federally Administered Tribal Areas (FATA) with the Khyber-Pakhtunkhwa province to bring the impoverished and politically deprived tribal region at par with the rest of the country. The proposed merger would be carried out over a period of five years and a 10-year development package would be introduced for all of FATA.

ICC POLICY WATCH

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Founded in 1925, Indian Chamber of Commerce (ICC) is the leading and only National Chamber of Commerce operating from Kolkata, and one of the most pro-active and forward-looking Chambers in the country today. Its membership spans some of the most prominent and major industrial groups in India. ICC is the founder member of FICCI, the apex body of business and industry in India. ICC's forte is its ability to anticipate the needs of the future, respond to challenges, and prepare the stakeholders in the economy to benefit from these changes and opportunities. Set up by a group of pioneering industrialists led by Mr G D Birla, the Indian Chamber of Commerce was closely associated with the Indian Freedom Movement, as the first organised voice of indigenous Indian Industry. Several of the distinguished industry leaders in India, such as Mr B M Birla, Sir Ardeshir Dalal, Sir Badridas Goenka, Mr S P Jain, Lala Karam Chand Thapar, Mr Russi Mody, Mr Ashok Jain, Mr. Sanjiv Goenka, among many others, have led the ICC as its President. Currently, Mr. Aditya V. Agarwal, Director, Emami Group of Companies, is leading the Chamber as its President.

The Chamber has proven capabilities in business development across geographical boundaries and capacity building. ICC is the only Chamber from India to win the first prize in World Chambers Competition in Quebec, Canada. Also, ICC was selected as one of the top finalists at the 2013 World Chambers' Congress in Doha, Qatar. ICC was selected for its innovative project - the 'Better Calcutta Contest for Schools', which is run by ICC Calcutta Foundation, a charitable trust set up with the objective of promoting the well-being of Calcutta. In 2014, ICC was the only Chamber from India to have bid for the World Chambers' Congress to be held in 2017, and was one of the 4 Chambers to give the bid presentation in Tokyo.

The ICC also has a very strong focus upon Economic Research & Policy issues - it regularly undertakes Macro-economic Surveys/Studies, prepares State Investment Climate Reports and Sector Reports, provides necessary Policy Inputs & Budget Recommendations to Governments at State & Central levels.

While the ICC has grown rapidly over the last few years, and expanded its operations with the goal of serving Industry better across regions & states, and effectively addressing issues related to sub-national growth, the Chamber's major focus will continue to be on the East & North-East of India. Being headquartered in Kolkata, the Indian Chamber has worked closely with all the State Governments in the region, and particularly, has been the Govt. of West Bengal's partner in progress over the years. The ICC is recognized by the Ministry of DoNER, Govt. of India as the "Nodal Chamber" for the North-East, and has worked relentlessly for the progress of the North-East region which has unparalleled and majorly untapped economic opportunities. The Indian Chamber, along with the Ministry of DoNER, has been organizing the 'North-East Business Summit', the largest and most prestigious Summit cum Exposition on India's North-East region over the years. These Summits have been able to address key developmental issues of the NER by bringing together all relevant stakeholders from across sectors & regions. Apart from being the Partner Chamber in all previous North-East Business Summits organized by the Ministry, the Indian Chamber has also organized mega trade & investment shows on the North-East abroad, particularly in South & South-East Asian countries, which, the ICC feels, can be natural trade partners of the North-East region because of the latter's strategic location and proximity to these countries. Several high-profile Delegation Exchanges with South & South-East Asian countries like Bangladesh, Bhutan, Myanmar, Thailand, Vietnam & Singapore to foster trade through the NER have been organized quite frequently by the Chamber over the last few years, in sync with the Govt. of India's erstwhile 'Look East', and now 'Act East' Policy. The ICC strongly believes that if India has to 'Act East', the Eastern & the North-Eastern States have to play a significant role in connecting the whole of India with South & South-East Asia, and will gain tremendously through the various backward & forward linkages, in the process.

The Indian Chamber of Commerce (ICC) has set its Theme for 2016-'17 as - "Connect, Act, Transform", which refers to the overall growth & development of the country through substantial and sustained improvements in infrastructure & connectivity, connecting people & Institutions in sync with the 'Digital India' Mission; prudent, reform-oriented and timely Policy Actions & implementations; and a dynamic Transformation of the economy enabled by key strategies undertaken in some core areas & sectors.

The ICC headquartered in Kolkata, over the last few years has truly emerged as a National Chamber of repute, with full-fledged offices in New Delhi, Mumbai, Guwahati, Patna, Bhubaneswar & Ranchi functioning efficiently, and building meaningful synergies among Industry and Government by addressing strategic issues of national significance.

For a Chamber which started in Kolkata and played an inspiring role in India's Freedom struggle by bringing indigenous businesses together, it has been a long and eventful journey. Today, as the Chamber continues to grow across states and regions, it is adhering more strongly to its primary aim of creating a conducive and sustainable environment to enable social, industrial and economic growth of the country.

ICC's flagship Annual Conferences include the North-East Business Summit, India Energy Summit, Agro Protech, ICC Insurance Summit, ICC Mutual Fund Summit, ICC Environment Partnership Summit, to name a few. These Summits take place all across India and abroad, and address key strategic issues in important sectors like **Agriculture, Infrastructure & Energy, Environment, MSME , Capital Markets & Finance**, etc.

As a pro-active Industry Association , thus ICC is directly involved in impacting Policy Making in the country by bringing Industry & key Regulatory Bodies together , and these Conferences & Exhibitions go a long way in creating the necessary forward & backward linkages required for industrial & economic growth. The networking opportunities that the ICC Conferences provide to the participants, are also significant, and these Forums create newer business opportunities in the process.